

## Enclosure A

While not explicitly discussed in the November 5<sup>th</sup> letter, previous public statements related to this issue have been inaccurate or incomplete. The following provides additional information concerning these issues and are grouped into three areas: environmental impact, technical feasibility, and cost of the control technology.

### Environmental Impact

Numerous statements from the State of Alaska have stated that the State's approach achieves lower emissions of NO<sub>x</sub> than the "EPA's preferred outcome." This appears to be a reference to options which were under consideration some time ago. In the fall of 1999, after numerous discussions between EPA, Teck-Cominco and the State, the company agreed to install low NO<sub>x</sub> retrofit on six *existing* engines so that needed additional power could be generated without significantly increasing emissions from these engines. Since then, BACT was, and is, an issue for *only one* engine, MG-17. In simplest terms, installation of SCR to MG-17 would result in a reduction of 480 tons per year of NO<sub>x</sub> from that engine when compared to an engine utilizing only the low NO<sub>x</sub> technology.

### Technical Feasibility

Previously the State has claimed that SCR is untested, or untried, technology. However, this claim is in conflict with the State's own findings in this matter. ADEC's initial statements relating to SCR technology at the Red Dog mine included a finding in the proposed permit materials that "[t]he Department believes that, although SCR has not been implemented in Alaska, it is a technically-feasible technology for Alaska" (May 4, 1999 Preliminary Technical Analysis Report (TAR), p. 39). In an October 1999 meeting, Teck-Cominco's representatives acknowledged to ADEC and EPA that SCR was technologically feasible. Finally, ADEC's December 1999 Final TAR for the final permit determined that SCR was technically feasible at this location. (See pages 29 and 34.)

### Costs

Recent publicity asserts that the cost of SCR is estimated at up to \$10 million more in construction costs and up to \$1.5 million more a year in operating costs than low NO<sub>x</sub> controls. However, these cost estimates are inconsistent with the costs that ADEC relied on in the December 1999 Final TAR supporting its BACT decision. In that document, the State of Alaska estimated that the cost of SCR on the new engine would be approximately \$2.9 million in capital costs and \$635,000 in annual operating expenses. These figures are also included in the State's recent brief to the U.S. Supreme Court. ADEC's final permit documents used these figures to calculate a cost-effectiveness of \$2,100 per ton of NO<sub>x</sub> removed. ADEC reviewed cost-effectiveness figures for other sources undergoing BACT review compiled in a national clearinghouse of information on BACT decisions by permitting authorities and concluded that "[c]osts range from \$0 to \$7,000 per ton of NO<sub>x</sub> removed." The State summarized its decision as follows:

Therefore, the Department has chosen to consider the direct cost of SCR technology and its relationship to retaining the Mine's world competitiveness as it relates to community socioeconomic impacts for the foremost consideration to judge economic impacts of SCR. (p. 47 Final TAR)

However, prior to this determination ADEC stated:

Another, perhaps better way to determine if the cost of BACT is excessive, is for the applicant to present detailed financial information showing its effect on the operation. However, the applicant did not present this information. Therefore, no judgment can be made as to the impact of a \$2.1 million control cost on the operation, profitability, or competitiveness of the Red Dog Mine.”  
(p. 46 Final TAR)